



County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA
Chief Executive Officer

April 11, 2008

To: Supervisor Yvonne B. Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

SACRAMENTO UPDATE

Senate Budget Hearing on the Safety Net Care Pool

On April 7, 2008, the Senate Budget and Fiscal Review Subcommittee #3 on Health and Human Services held an informational hearing to discuss various Medi-Cal issues, including recommendations from the Governor and the Legislative Analyst's Office (LAO) to redirect Safety Net Care Pool (SNCP) funding to other State programs to help resolve the State's budget crisis. Counties use SNCP dollars to fund health care for the uninsured, including outpatient services.

A representative from the California Department of Health Care Services testified that public hospitals have more funding needs than there are available SNCP funds, but given the State's massive budget deficit, the Administration proposed a 10 percent reduction to SNCP, as well as to other State programs.

A representative from the County's Department of Health Services testified in opposition to the reduction. She stated that this cut of up to \$33 million to the County would further destabilize the County's emergency medical services system. She noted that 10 hospitals in the County have closed their emergency rooms in the past five years, and that the proposed reduction would add to the Department's \$290 million shortfall for FY 2008-09. Representatives from the California Hospital Association, California Association of Public Hospitals and Health Systems, the California Children's Hospital Association, and Service Employees International Union also testified in opposition to the proposals.

Senate Budget Subcommittee #3 on Health and Human Services

On Monday, April 7, 2008, the Senate Budget Subcommittee #3 on Health and Human Services held an informational hearing to review the Governor's 2008-09 Budget Proposals to mandate Medi-Cal quarterly reporting for children and adults and to reduce county administration funding for county Medi-Cal eligibility processing. The County's Sacramento advocates, as well as representatives from the California Welfare Director's Association, and Protection and Advocacy testified in opposition to the budget proposals.

Senate and Assembly Budget Subcommittees on Firefighting Funding

On April 7, 2008, Senate Budget Subcommittee #2, and on April 9, 2008, Assembly Budget Subcommittee #3, discussed the proposals to fund firefighting for State Responsibility Area (SRA) lands. The Governor has proposed a statewide surcharge on insurance policies, and the LAO has proposed a parcel fee on lands within the SRA. Opponents argued that property owners already pay taxes for firefighting and that any additional charge would amount to double taxation.

Pursuit of County Position on Legislation

SB 1771 (Romero), as amended on April 10, 2008, would extend the City of Industry Redevelopment Projects by 10 years. Current law allows for the 10-year extension of a project with findings that significant blight remains in the project area. Lacking remaining blight, the City is unable to use current law to extend their projects. SB 1771 eliminates the requirement that an agency show remaining blight in order to extend a project.

The three Industry redevelopment projects were adopted in 1971, and two in 1974. These projects are due to expire beginning in 2022. A 10-year extension would equate to diversions of property taxes from the taxing entities, including the County, for a total of 60 years. The intent of redevelopment law was that diverted taxes should be returned to the affected taxing entities at the conclusion of the project and when the blight has been eliminated. Because of the tremendous growth in industrial and commercial development in the City, this bill would result in the diversion of hundreds of millions of dollars from the taxing entities beginning in 2022.

The Legislature has attempted to strike a balance between redevelopment agencies and the other taxing entities by limiting the use of redevelopment to blighted areas, and various bills have sought to tighten the definition of blight. Numerous court decisions have since affirmed the establishment of blight as a prerequisite for the diversion of property taxes from the affected taxing entities. Eliminating the nexus between blight

and redevelopment activities is a dramatic shift in public policy, and is in stark contrast to the law's original intent.

Recent newspaper articles suggest that SB 1771 would potentially provide additional resources to subsidize public works projects related to the construction of a new NFL football stadium. Although the proposed stadium site lies just outside of one of the existing redevelopment projects, Community Redevelopment Law allows for the use of redevelopment funds outside of a project area with a finding "that the buildings, facilities, structures, or other improvements are of benefit to the project area or the immediate neighborhood in which the project is located..." These findings are further deemed "final and conclusive."

Because SB 1771 would divert local tax revenues from critical County services, our Sacramento advocates will oppose this bill. Opposition is consistent with existing Board policy to oppose any redevelopment legislation which would cause the County to lose revenues, limit or repeal provisions of AB 1290, or allow agencies to extend the life of projects beyond the statutory time frames established in AB 1290. Further, because this bill would set a precedent, we expect the County of Santa Clara to join our opposition. However, there is no support or opposition on file. SB 1771 is scheduled for a hearing in the Senate Local Government Committee on April 16, 2008.

Status of County Advocacy Legislation

County-opposed AB 2262 (Torrico), which would expand the timeframe to safely surrender a newborn from 72 hours to up to seven days, passed the Assembly Judiciary Committee on April 8, 2008 by a vote of 7 to 0, and now proceeds to the Assembly Appropriations Committee. A representative from Supervisor Knabe's office and our Sacramento advocates testified in opposition to the bill, and stated that expansion of the 72-hour timeframe is arbitrary and subjective, especially when data and research more than justifies the current law as written.

We will continue to keep you advised.

WTF:GK:MAL
DD:IGR:hg

c: All Department Heads
Legislative Strategist
Local 721
Coalition of County Unions
California Contract Cities Association
Independent Cities Association
League of California Cities
City Managers Associations